

AMERICANS FOR TAX REFORM

GROVER G. NORQUIST

PRESIDENT

January 4, 2002

Chairman Michael K. Powell
Federal Communications Commission
445 12th St. S.W.
Washington DC 20554

Dear Chairman Powell:

While both parties debate the shape of a government sponsored economic stimulus package, the free enterprise system has one ready to go in the communications industry with the proposed merger of EchoStar and DIRECTV.

This merger would stimulate the markets for both pay-TV and consumer broadband services by creating a new company capable of making consumers an enriched offer. The merged companies could use their combined spectrum to carry local channels in more than twice the number of markets where the two separate companies each carry them today, increasing satellite's competitive appeal.

In broadband services, the new EchoStar would break new ground with nationwide delivery of broadband services by satellite at uniform prices affordable to the average American family. Any home could receive high-speed Internet and other broadband services, urban, rural or suburban. The Digital Divide could close quickly.

Satellite-delivered broadband would give consumers some badly needed competitive options to cable modems or DSL service from the regional Bells. This merger would raise the ante of the competition. It's sadly ironic that opponents of competition would hide behind the smokescreen of antitrust policy as they try to block this merger. They would cynically have you consider the satellite TV market in a vacuum and ignore its role as a competitor with cable in the larger pay-TV market. Yes, EchoStar and DIRECTV represent 90% of the satellite-TV market. Much more important, their combined market share represents only 17% of the pay-TV market, compared to 80% for cable.

In today's technologically charged communications industry, it's clear that competitive choice has to come through competition across technologies. The new EchoStar would expand that kind of competition and provide a market-based competition for the cable companies and Bells. A timely approval of this merger without burdensome conditions is clearly in the public interest.

Onward,



Grover G. Norquist